

AMENDED IN ASSEMBLY MARCH 17, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1677

Introduced by Assembly Member Gomez

February 12, 2014

An act to add and repeal Article 2 (commencing with Section 70130) of Chapter 3 of Part 42 of Division 5 of Title 3 of the Education Code, relating to nursing ~~education~~, *education, and making an appropriation therefor.*

LEGISLATIVE COUNSEL'S DIGEST

AB 1677, as amended, Gomez. Nursing education: service in public hospitals and veterans' facilities.

Existing law establishes the Student Aid Commission as the primary state agency for the administration of state-authorized student financial aid programs available to students attending all segments of postsecondary education.

Existing law establishes the State Nursing Assumption Program of Loans for Education, administered by the commission, under which any person enrolled in an institution of postsecondary education and participating in that loan assumption program is eligible to receive a conditional warrant for loan assumption, to be redeemed upon becoming employed as a full-time nursing faculty member at a California college or university.

This bill would establish a loan assumption program for employees of eligible public facilities, as defined to include state hospitals, state veterans' homes, members of the California Association of Public Hospitals and Health Systems, ~~and~~ California facilities administered by the federal Veterans Health Administration, *and health care districts*

located in California. This program would provide loan assumption benefits to persons who fulfill agreements to work full time for 4 consecutive years as clinical registered nurses or licensed vocational nurses in eligible public facilities, as specified, that employ registered nurses or licensed vocational nurses. The program would provide for the assumption of up to \$15,000 annually of a qualifying loan for consecutive years of qualifying clinical registered nursing or licensed vocational nursing service, up to a total loan assumption of \$60,000.

The bill would require that, in any fiscal year, the commission award no more than the number of warrants that are authorized in the Budget Act for that fiscal year for the assumption of loans pursuant to the program. This program would become inoperative on July 1, ~~2020~~, 2022, and would be repealed on January 1, ~~2021~~, 2023. *The bill would appropriate \$48,000,000 from the General Fund to the commission to be expended for purposes of the commission issuing loan assumption awards beginning with the 2015–16 fiscal year to the 2021–22 fiscal year, inclusive, as specified.*

Vote: ~~majority~~^{2/3}. Appropriation: ~~no~~ yes. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Article 2 (commencing with Section 70130) is
2 added to Chapter 3 of Part 42 of Division 5 of Title 3 of the
3 Education Code, to read:

4
5 Article 2. Service in Public Hospitals and Veterans' Facilities

6
7 70130. (a) (1) Any person enrolled in an eligible institution,
8 or any person who agrees to work full time as a registered nurse
9 or a licensed vocational nurse in an eligible public facility that
10 employs registered nurses or licensed vocational nurses, may be
11 eligible to enter into an agreement for loan assumption, to be
12 redeemed pursuant to Section 70131 upon becoming employed as
13 a clinical registered nurse or licensed vocational nurse in an eligible
14 public facility that employs registered nurses or licensed vocational
15 nurses. In order to be eligible to enter into an agreement for loan
16 assumption, an applicant shall satisfy all of the conditions specified
17 in subdivision (b).

1 (2) As used in this article, “eligible institution” means a
2 postsecondary institution that is determined by the Student Aid
3 Commission to meet both of the following requirements:

4 (A) The institution is eligible to participate in state and federal
5 financial aid programs.

6 (B) The institution maintains an accredited program of
7 professional preparation for licensing as a registered nurse or
8 vocational nurse in California.

9 (3) As used in this article, “eligible public facility” means any
10 of the following:

11 (A) A state hospital administered by the State Department of
12 State Hospitals.

13 (B) A state veterans’ home referenced in Section 1011 of the
14 Military and Veterans Code.

15 (C) A public hospital that is a member of the California
16 Association of Public Hospitals and Health Systems.

17 (D) A facility administered by the federal Veterans Health
18 Administration and located in California.

19 (E) *A health care district located in California.*

20 (b) (1) The applicant has been admitted to, or is enrolled in, or
21 has successfully completed, an accredited program of professional
22 preparation for licensing as a registered nurse or vocational nurse
23 in California. However, a person who is currently employed as a
24 registered nurse or licensed vocational nurse in an eligible public
25 facility may be eligible to enter into an agreement for loan
26 assumption under Article 1 (commencing with Section 70100),
27 but is not eligible to enter into an agreement for loan assumption
28 under this article.

29 (2) The applicant is currently enrolled, or has been admitted to
30 a program in which he or she will be enrolled, on a full-time basis,
31 as determined by the participating institution. The applicant shall
32 agree to maintain satisfactory academic progress and a minimum
33 of full-time enrollment, as defined by the participating eligible
34 institution.

35 (3) The applicant has been judged by his or her postsecondary
36 educational institution to have outstanding ability on the basis of
37 criteria that may include, but need not be limited to, any of the
38 following:

39 (A) Grade point average.

40 (B) Test scores.

1 (C) Faculty evaluations.

2 (D) Interviews.

3 (E) Other recommendations.

4 (4) The applicant has received, or is approved to receive, a loan
5 under one or more of the following designated loan programs:

6 (A) The Federal Family Education Loan Program (20 U.S.C.
7 Sec. 1071 et seq.).

8 (B) Any loan program approved by the Student Aid
9 Commission.

10 (5) The applicant has agreed to work full time for at least four
11 consecutive years as a clinical registered nurse or licensed
12 vocational nurse in an eligible public facility that employs
13 registered nurses or licensed vocational nurses.

14 (c) No applicant who has completed fewer than 60 semester
15 units, or the equivalent, shall be eligible under this section to
16 participate in the loan assumption program set forth in this article.

17 (d) A person participating in the program pursuant to this section
18 shall not enter into more than one agreement under this article.

19 70131. The commission shall commence loan assumption
20 payments, as specified in Section 70132, upon verification that
21 the applicant has fulfilled all of the following:

22 (a) The applicant has become a registered nurse or vocational
23 nurse licensed to practice in California.

24 (b) The applicant is working full time as a clinical registered
25 nurse or licensed vocational nurse in an eligible public facility that
26 employs registered nurses or licensed vocational nurses.

27 (c) The applicant has met the requirements of the agreement
28 and all other pertinent conditions of this article.

29 70132. The terms of a loan assumption granted under this
30 article shall be as follows, subject to the specific terms of each
31 agreement:

32 (a) After a program participant has completed one year of
33 full-time employment as described in subdivision (b) of Section
34 70131, the commission shall assume up to fifteen thousand dollars
35 (\$15,000) of the participant's outstanding liability under one or
36 more of the designated loan programs.

37 (b) After a program participant has completed two years of
38 full-time employment as described in subdivision (b) of Section
39 70131, the commission shall assume up to an additional fifteen
40 thousand dollars (\$15,000) of the participant's outstanding liability

1 under one or more of the designated loan programs, for a total loan
2 assumption of up to thirty thousand dollars (\$30,000).

3 (c) After a program participant has completed three years of
4 full-time employment as described in subdivision (b) of Section
5 70131, the commission shall assume up to an additional fifteen
6 thousand dollars (\$15,000) of the participant's outstanding liability
7 under one or more of the designated loan programs, for a total loan
8 assumption of up to forty-five thousand dollars (\$45,000).

9 (d) After a program participant has completed four years of
10 full-time employment as described in subdivision (b) of Section
11 70131, the commission shall assume up to an additional fifteen
12 thousand dollars (\$15,000) of the participant's outstanding liability
13 under one or more of the designated loan programs, for a total loan
14 assumption of up to sixty thousand dollars (\$60,000).

15 70133. (a) Except as provided in subdivision (b), if a program
16 participant fails to complete a minimum of four consecutive years
17 of full-time employment as required by this article, under the terms
18 of the agreement pursuant to paragraph (5) of subdivision (b) of
19 Section 70130, the participant shall retain full liability for all
20 student loan obligations remaining after the commission's
21 assumption of loan liability for the last year of qualifying clinical
22 registered nursing or licensed vocational nursing service pursuant
23 to Section 70132.

24 (b) Notwithstanding subdivision (a), if a program participant
25 becomes unable to complete one of the four consecutive years of
26 qualifying clinical registered nursing or licensed vocational nursing
27 service due to serious illness, pregnancy, or other natural causes,
28 the term of the loan assumption agreement shall be extended for
29 a period not to exceed one year. The commission shall make no
30 further payments under the loan assumption agreement until the
31 applicable work requirements as specified in Section 70131 have
32 been satisfied.

33 (c) If a natural disaster prevents a program participant from
34 completing one of the required years of work due to the interruption
35 of employment at the employing eligible public facility, the term
36 of the loan assumption agreement shall be extended for the period
37 of time equal to the period from the interruption of employment
38 at the employing eligible public facility until the resumption of
39 employment. The commission shall make no further payments
40 under the loan assumption agreement until the applicable

1 employment requirements specified in Section 70131 have been
2 satisfied.

3 70134. (a) The commission shall administer this article, and
4 shall adopt rules and regulations for that purpose. The rules and
5 regulations shall include, but need not be limited to, provisions
6 regarding the period of time during which an agreement shall
7 remain valid, the reallocation of resources in light of agreements
8 that are not used by program participants, the failure, for any
9 reason, of a program participant to complete a minimum of four
10 consecutive years of qualifying clinical registered nursing or
11 licensed vocational nursing service, and the development of
12 projections for funding purposes.

13 (b) If a provision is added to this article and the commission
14 deems it necessary to adopt a rule or regulation to implement that
15 provision, the commission shall develop and adopt that rule or
16 regulation no later than six months after the operative date of the
17 statute that adds the provision.

18 70135. On or before January 31, 2016, and on or before each
19 January 31 thereafter until, and including, January 31, 2020, the
20 commission shall report annually to the Legislature regarding both
21 of the following, on the basis of sex, age, and ethnicity:

22 (a) The total number of program participants and the type of
23 program of professional preparation they are attending or have
24 attended.

25 (b) The numbers of participants who complete one, two, three,
26 or four years of qualifying clinical registered nursing or licensed
27 vocational nursing service, respectively.

28 70136. On or before May 1, 2019, the Office of the Legislative
29 Analyst shall submit a report to the Legislature that includes the
30 findings and recommendations of the Legislative Analyst with
31 respect to the efficacy of the program established by this article.

32 70137. Reports pursuant to Sections 70135 and 70136 shall be
33 submitted pursuant to Section 9795 of the Government Code.

34 70138. In selecting applicants for participation in this program,
35 the commission shall grant priority to applicants who, in the
36 determination of the commission, are included in any of the
37 following categories:

38 (a) Persons who possess a baccalaureate degree at the time of
39 initial application.

1 (b) Persons who are enrolled in an accelerated program of
2 professional preparation for licensing as a registered nurse or
3 vocational nurse in California.

4 (c) Persons who are recipients of federally subsidized student
5 loans or other need-based student loans.

6 70139. Notwithstanding any other law, in any fiscal year, the
7 commission shall award no more than the number of warrants that
8 are authorized in the annual Budget Act for that fiscal year for the
9 assumption of loans pursuant to this article.

10 70140. *The amount of forty-eight million dollars (\$48,000,000)*
11 *is hereby appropriated from the General Fund to the commission*
12 *to be expended for purposes of the commission issuing loan*
13 *assumption awards beginning with the 2015–16 fiscal year to the*
14 *2021–22 fiscal year, inclusive, as follows:*

15 (a) *For the 2015–16 fiscal year, the commission may expend*
16 *up to three million dollars (\$3,000,000) to award up to 200 awards*
17 *pursuant to subdivision (a) of Section 70132.*

18 (b) *For the 2016–17 fiscal year, the commission may expend*
19 *up to six million dollars (\$6,000,000) to award up to 200 awards*
20 *pursuant to subdivision (a) of, and up to 200 awards pursuant to*
21 *subdivision (b) of, Section 70132.*

22 (c) *For the 2017–18 fiscal year, the commission may expend*
23 *up to nine million dollars (\$9,000,000) to award up to 200 awards*
24 *pursuant to subdivision (a) of, up to 200 awards pursuant to*
25 *subdivision (b) of, and up to 200 awards pursuant to subdivision*
26 *(c) of, Section 70132.*

27 (d) *For the 2018–19 fiscal year, the commission may expend*
28 *up to twelve million dollars (\$12,000,000) to award up to 200*
29 *awards pursuant to subdivision (a) of, up to 200 awards pursuant*
30 *to subdivision (b) of, up to 200 awards pursuant to subdivision (c)*
31 *of, and up to 200 awards pursuant to subdivision (d) of, Section*
32 *70132.*

33 (e) *For the 2019–20 fiscal year, the commission may expend*
34 *up to nine million dollars (\$9,000,000) to award up to 200 awards*
35 *pursuant to subdivision (b) of, up to 200 awards pursuant to*
36 *subdivision (c) of, and up to 200 awards pursuant to subdivision*
37 *(d) of, Section 70132.*

38 (f) *For the 2020–21 fiscal year, the commission may expend up*
39 *to six million dollars (\$6,000,000) to award up to 200 awards*

1 *pursuant to subdivision (c) of, and up to 200 awards pursuant to*
2 *subdivision (d) of, Section 70132.*

3 *(g) For the 2021–22 fiscal year, the commission may expend*
4 *up to three million dollars (\$3,000,000) to award up to 200 awards*
5 *pursuant to subdivision (d) of Section 70132.*

6 ~~70140.~~

7 ~~70141.~~ This article shall become inoperative on July 1, ~~2020,~~
8 ~~2022,~~ and, as of January 1, ~~2021,~~ 2023, is repealed, unless a later
9 enacted statute, that becomes operative on or before January 1,
10 ~~2021,~~ 2023, deletes or extends the dates on which it becomes
11 inoperative and is repealed.